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ABSTRACT

Providing a summary of legislative activity in the First Session of the 104th Congress, this report describes the current status of legislation and appropriations of key interest to community colleges and the American Association of Community Colleges' (AACC's) position on these issues. Summaries are provided of 1995 Congressional activity in the following areas: (1) appropriations, including a table of appropriations for community college-related programs for fiscal year (FY) 1995; (2) funding for student loan programs, including cuts of $4.9 billion in the FY 1996 budget reconciliation bill vetoed by President Clinton; (3) legislation currently pending to consolidate almost 100 job training programs into block grants; (4) welfare reform, including the removal of provisions to factor the income of immigrants' sponsors into eligibility for federal programs, and student aid eligibility for legal immigrants; (5) National Science Foundation appropriations, indicating that $23.35 million was appropriated to the Foundation's Advanced Technological Education program; (6) funding for international education; (7) the effect of the telecommunications reform initiative on schools and colleges; (8) changes to the tax code; and (9) revisions to deregulatory initiatives on accreditation, state licensure, and certification of administrative and financial capability. AACC position statements included with each section indicate that it opposes any cuts for major federal loan programs affecting students and colleges, efforts to restrict student aid eligibility for legal immigrants and welfare recipients, and efforts to add additional standards to program eligibility for federal student aid funds for community colleges. (TGI)

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AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

Office of Government Relations

Legislative Summary of the 104th Congress First Session

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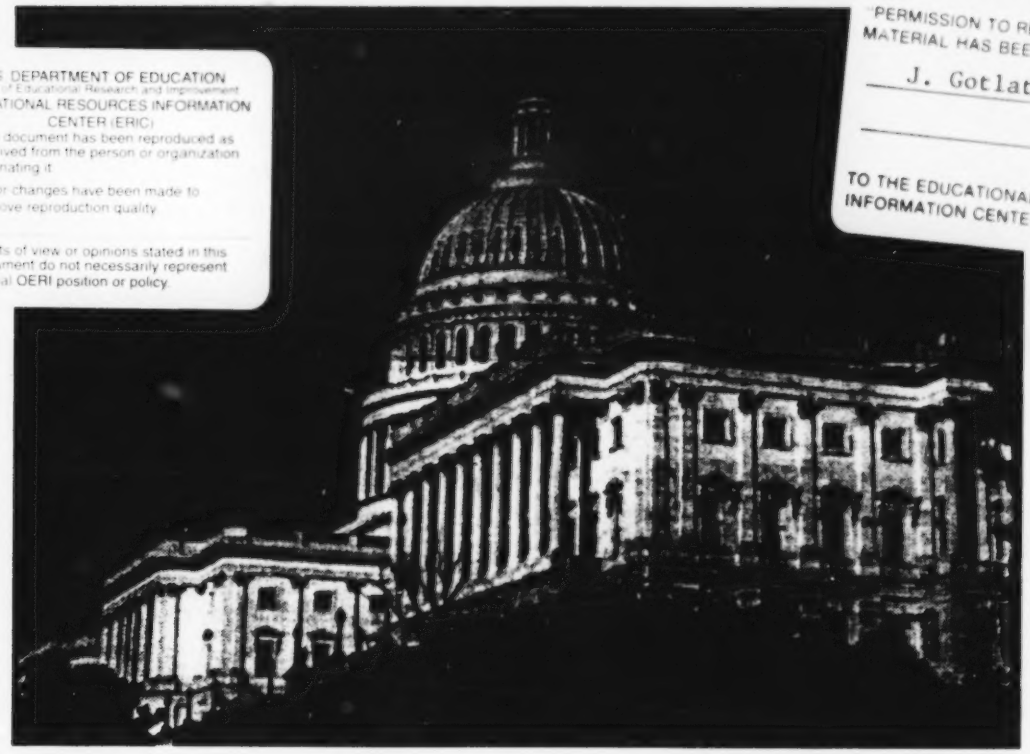

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FY 1996 Appropriations

It is widely known that the Fiscal Year (FY) 1996 budget reconciliation bill approved by Congress and vetoed by President Clinton brings the federal budget into balance by FY 2002. What is less well known is that the reconciliation bill requires dramatic reductions in the amount of money that can be spent in future years on overall discretionary spending (annual appropriations). These limitations will necessitate cuts of roughly 33 percent in domestic discretionary spending over the next seven years, when inflation is factored in. The hard work of making FY 1996 spending decisions that conform to the parameters of the reconciliation bill has been unusually contentious, particularly in the area of education. Cuts in education, however, are just one thing that community colleges and their students have to be unhappy about in this year's appropriations process. While there has been some hope that the discussions over the federal budget between the President and Congressional leaders would lead to a restoration of funding for education, labor, and science programs, it is increasingly unrealistic to expect major add-backs.

At the end of this document is a table that details the current status of appropriations for many programs of interest to community colleges. The House passed its FY 1996 appropriations bill for the Departments of Labor, Health and Human Services, and Education (H.R. 2127) on August 4. The bill reduces overall comparable spending from the previous fiscal year by 13 percent. This sharp reduction, necessitated by the FY 1996 allocation of funds granted to the subcommittee by the full Appropriations Committee, represents a disproportionate share of overall cuts in domestic discretionary programs for FY 1996. H.R. 2127 reduces spending at the Department of Education by $3.7 billion or 16 percent from FY 1995 levels (including cuts contained in rescissions legislation). It makes even greater percentage reductions to job training programs at the Department of Labor. While the legislation raises the maximum Pell Grant by $100, to $2,440, Perkins Basic State Grants were reduced by 17.2 percent, and Part A of Title III of the HEA (Strengthening Institutions) was savaged. This legislation was extremely controversial, in part because of the deep cuts to popular social programs, and passed the full House by a vote of only 219-208.

The Senate Appropriations Committee reported its FY 1996 Labor, Health and Human Services, and Education Appropriations bill on September 19. The subcommittee that wrote this bill (also numbered H.R. 2127) was allocated $1.4 billion more than its House counterpart, and most of those funds were used to make up for cuts to education in the House legislation; in aggregate, however, the Senate bill still cuts ED funding by $2.2 billion. As in the House bill, the Senate cut job training severely. However, a key improvement was made to the Pell Grant program--the bill deleted the House's increase in the minimum grant to $600 from the current $400, which would have taken away awards from 281,000 students. Part A of Title III of the Higher Education Act received funding of $54.45 million, a marked improvement from the

House bill. Also, the Perkins Act was treated less severely than in the House bill, although funding for Basic State Grants was still cut by almost 10%.

Floor consideration of the Senate legislation has been delayed because of conflicts unrelated to education funding, and as of this writing the bill's route to enactment is uncertain. The ongoing budget summit could create some type of Executive-Legislative Branch agreement on the FY 1996 Labor-HHS-Education appropriations bill before it is taken up by the full Senate, although this would be a highly irregular procedure.

In the fall and early winter of 1995, there was reason to be optimistic that President Clinton's off-stated interest in increased education and job training funding would be translated into a substantially greater FY 1996 investment in these areas than contained in the pending appropriations bills. As the budget talks have grown in acrimony, however, that prospect has dimmed. Education may have won the war of rhetoric, but the dollars have been much slower to follow. And if the Departments of Education and Labor are funded by a year long "continuing resolution," which is a distinct possibility, the outcome for programs of concern to community colleges could be downright grim. It is unclear when these issues will finally be settled. Lastly, it should be noted that the Administration's FY 1997 budget, due to be submitted to Congress the first week of February, is said to be weeks if not months behind schedule.

AACC Position: In the event of a conference on FY 1996 Labor-HHS-Education appropriations legislation, support: elimination of the House's increase in the minimum Pell Grant; Senate funding level for Part A of Title III of the Higher Education Act; and the Senate position on funding for Basic State Grants in the Carl D. Perkins Vocational and Adult Education Act. Also, strike language in the legislation that would apply to the Pell Grant program current loan program eligibility standards for colleges with high default rates.

AACC Contact: David Baime, Director of Government Relations, extension 224.

Appropriations for Major Federal Higher Education and Job Training Programs
($ in Millions)

Department of Education	FY 1995 Appropriation	FY 1996 Administration Request	FY 1996 House	FY 1996 Senate Appropriations Committee
Major Student Aid Programs:				
Pell Grants	6,243.7	6,601.5	5,697.0	5,400.0
Maximum Award	$2,340	$2,620	$2,440.0(1)	$2,440
Supplemental Grants	583.4	583.4	583.4	583.4
Federal Work-Study	616.5	616.5	616.5	616.5
Perkins Loans	158.0	158.0	0	100.0
SSIG	63.4	31.4	0	31.4
Early Intervention Scholarships	3.1	0	0	0
State Postsecondary Review (SPRE)	20.0	25.0	0	0
Total, all Student Aid (excludes federal loans)	$7,706.10	$8,035.80	$6,916.90	$6,751.30
School-to-Work Transition/ED	122.5	200.0	95.0	122.5
School-to-Work Transition/DOL	122.5	200.0	95.0	122.5
Corp. for Natl. Serv. (VA/HUD)	577.0	819.5	0	0
Perkins Basic Grants	972.5	N/A	800.0	890.0
Tech-Prep Education	108.0	N/A	100.0	100.0
Adult Education-State Programs	252.3	479.5	250.0	250.0
Other ED Programs:				
TRIO	463.0	463.0	463.0	463.0
Strengthening Institutions (Part A, Title III)	80.0	40.0	32.4	54.5
Strengthening HBCUs	128.6	128.6	128.6	128.6
Endowment Challenge Grants	8.1	2.0	0	0
International Studies	52.3	52.3	52.3	48.7
Fulbright-Hays	5.8	5.8	4.0	5.5

(1)Increases minimum grant to $600 from current $400

Appropriations for Major Federal Higher Education and Job Training Programs
($ in Millions)

Department of Education	FY 1995 Appropriation	FY 1996 Administration Request	FY 1996 House	FY 1996 Senate Appropriations Committee
Urban Community Service	10.0	0	0	9.2
Minority Science Improvement	5.8	5.8	5.3	5.3
FIPSE	17.5	17.5	15.0	15.0
Libraries	144.1	106.9	101.2	131.5
Cooperative Education	6.9	0	0	0

Department of Labor	FY 1995 Appropriation	FY 1996 Administration Request	FY 1996 House	FY 1996 Senate Appropriations Committee
Dislocated Workers	1,228.0	1,971.8	850.0	884.0
Adult Training	996.8	1,054.8	830.0	745.7
One-Stop Career Centers	100.0	200.0	100.0	92.0

National Science Foundation	FY 1995 Appropriation	FY 1996 Administration Request	FY 1996 Conference
Major Activities			
Research & Related	2,283	2,454	2,274
Education & Human Resources	606.0	599.0	599.0
ATE	23.35	23.35	23.35
Academic Research Facilities	118	100	100
Total, NSF	$3,263.00	$3,360.00	$3,180.00

FY 1996 Budget Reconciliation--Student Loan Program Cuts

The sweeping FY 1996 reconciliation bill that balances the budget in seven years but was vetoed by President Clinton (H.R. 2491) includes $4.9 billion in cuts to the two major federal loan programs, Federal Family Education Loans (FFEL) and Direct Student Loans. The student loan program and in particular direct lending is a highly contentious and partisan issue in the ongoing budget discussions between the White House and the Congressional leadership.

In a major victory for college students that occurred in large part through an intense grass-roots lobbying campaign, the reconciliation bill contains no cuts to borrower benefits. Also, no new fees were placed on institutions, as had been contained in earlier versions of the legislation. The conference outcome was fueled in part by floor action on the Senate's reconciliation bill, where a floor amendment to shave by almost $6 billion the bill's $10.8 billion in loan cuts was adopted. The amendment was offered by Senators Olympia Snowe (R-ME), Nancy Kassebaum (R-KS), and James Jeffords (R-VT). The amendment garnered a number of other Republican co-sponsors and passed by a vote of 99-0, after a Democratic-sponsored amendment had failed narrowly. The successful amendment lowered to $4.9 billion (over seven years) the student loan cuts in the Senate's reconciliation bill and foreshadowed the conference agreement.

The reconciliation conference bill caps institutional participation in the direct lending program at a level equivalent to 10 percent of total borrowing under the FFEL and DSL programs. Current participation represents almost 40 percent of aggregate borrowing and enactment of the conference bill that was sent to the President would mean that most direct lending institutions would have to return to FFEL. The conference agreement also decreases subsidies to FFEL lenders; extends state "risk sharing" for high default institutions to direct lending; limits ED's administrative expenses for FFEL; and lowers guarantee agencies' reinsurance on defaulted loans.

As mentioned, in the ongoing negotiations between the Administration and Congress over the reconciliation bill direct lending will surely be a flash point, even though the subject has not received much national media attention in recent weeks. The Administration is committed to current policy in the direct lending program, which allows institutional "choice" between that program and FFEL, while most Congressional Republicans seems just as intent on substantially reining in direct lending. On November 17, 472 college presidents wrote to President Clinton, Senate Majority Leader Dole, and House Speaker Gingrich, asking them to continue to give institutions the option to choose either direct lending or FFEL. For his part, Speaker Gingrich recently floated the concept of requiring institutions in the Direct Lending program to bear some portion of the cost of defaults, claiming that this would be akin to the current arrangement in which FFEL lenders must absorb two percent of the cost of defaults. Needless to say, this corollary does not bear scrutiny and AACC will staunchly oppose Gingrich's proposal and anything like it.

AACC Position: Continue to oppose any cuts affecting students or colleges in the two major federal loan programs. Allow institutions to choose whether they want to participate in the FFEL or Direct Student Loan programs. Work with other higher education associations in this strategy.

AACC Contact: David Baime, Director of Government Relations, extension 224.

Job Training Consolidation

In January 1995, a concerted effort was undertaken to pass legislation designed to consolidate into block grants close to 100 federal education and job training programs. Consolidation bills have passed both the House and Senate, but in January 1996, much work remains to be done.

The House of Representatives acted first. H.R. 1617, the Consolidated and Reformed Education, Employment, and Rehabilitation Systems Act of 1995 (CAREERS Act), consolidates over 100 federal job training and education programs into three block grants to be administered by the states. The goals of the CAREERS Act are to eliminate duplicative programs, merge funding of programs that have similar goals, and give governors greater flexibility in serving the needs of their citizens. The legislation establishes a state-level collaborative board to help governors develop a workforce strategy. In addition, the bill establishes local workforce development boards to coordinate programs and make policy decisions.

Programs to assist dislocated workers, including much of the Job Training Partnership Act (JTPA), have been merged into the Adult Employment and Training Consolidation Grant. Programs designed to improve vocational education, such as the School-to-Work Opportunities Act, the Carl D. Perkins Vocational and Applied Technology Education Act and youth programs under JTPA, are merged into the Youth Workforce Preparation and Development Consolidation Grant. The Adult Education Act and many federal literacy programs are merged into the Adult Education, Family Literacy, and Library Technology Consolidation Grant. In addition, H.R. 1617 relies heavily on the use of vouchers to provide adult job training services.

On May 24, H.R. 1617 was approved by the Economic and Educational Opportunities Committee, chaired by William Goodling (R-PA). However, legislation that appeared to be on the fast track to enactment was suddenly halted in the quagmire of politics. Further action on the bill was delayed until it was modified to provide greater flexibility for governors. On September 15, a new version of the CAREERS Act was released that provides governors with greater authority over the structure of programs and use of funds. The legislation, with these changes included, passed the

House of Representatives on September 19 by a vote of 345-79.

In the Senate, on June 21 the Labor and Human Resources Committee approved the Workforce Development Act of 1995, S. 143, introduced by Chair Nancy Kassebaum (R-KS). S. 143 consolidates into one block grant some 90 federal job training and education programs, including the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, and the Job Training Partnership Act. The single block grant will contain three discrete funding streams. At least 25 percent of the block grant must be used for "Workforce Education Activities," consisting primarily of funds currently appropriated for the Perkins and Adult Education Acts. A minimum of 25 percent of the block grant must be used to support "Workforce Employment Activities." These activities include the establishment of one-stop centers to provide information to adults regarding the availability of job training and related services. The remaining 50 percent of funds are to be put into a "Flex Account." The Governor may use the Flex Account funds for either Workforce Education Activities or Workforce Employment Activities, at his/her discretion. In addition, a portion of the flex funds must be used to support activities currently funded through the School-to-Work Opportunities Act, and some funds may be used for limited economic development activities.

To receive a block grant, the governor must submit a state plan to the federal government for approval. The state plan is to be written in three parts that mirror the funding streams described above. The overall strategic plan for the state is to be written by the Governor with the collaboration of the heads of the state agencies responsible for education and workforce programs. This includes a role for community colleges as a representative of postsecondary education. The Workforce Employment portion of the plan would be written by the Governor alone. Finally, the Workforce Education Activities portion of the plan would be written by the state elementary and secondary educational agency in collaboration with the state postsecondary agency, including community colleges.

Due to Senate consideration of welfare reform legislation and a dragged out debate on the budget, four months passed before S. 143 was approved by the Senate. On October 11, S. 143 passed by a vote of 95-2.

The conference committee to reconcile H.R. 1617 and S. 143 into a single piece of legislation has also been delayed. While sponsors of the bills had hoped to have a bill to send to President Clinton by Christmas, the conference committee has yet to begin serious deliberations. The start of the conference is again being delayed as a result of ongoing discussions regarding budget reconciliation, appropriations, welfare reform, and other issues. Sponsors hope to hold substantive meetings in February.

AACC Position: Community colleges must be an essential component of the

restructured federal job training system and should be eligible providers of education and training and have a guaranteed role in the governance structure of the new system. AACC will continue to emphasize the importance of maintaining a vibrant Tech-Prep program, the important role community colleges have played under the Adult Education Act, and the importance of postsecondary vocational education.

AACC Contact: Dave Buonora, Legislative Associate, extension 249

Welfare Reform/Student Aid Eligibility For Legal Immigrants

The effort to reform the nation's welfare and immigration systems was stymied January 9 when President Clinton vetoed the welfare reform bill (H.R. 4). It is unclear at this time whether Congress will write a new bill or submit the Senate-passed version of H.R. 4, which the President said he would support. In addition, two immigration bills continue to work their way through Congress: S. 269/ S. 1394 and H.R. 2202.

The welfare bill vetoed by the President contains a block grant to states would replace the current Aid to Families with Dependent Children (AFDC) program. The Temporary Assistance for Needy Families block grant would combine current funding under the AFDC program, state and local administration, Emergency Assistance (EA), and the Job Opportunity and Basic Skills (JOBS) program. Each state would be entitled to receive its allocation of a national cash welfare block grant, which would be set at $16.3 billion each year. In return, states would be required to spend at least 75 percent of the amount they spent on cash welfare programs in FY 1995.

States would be required to meet certain "work" requirements. Beginning in 1996, 15 percent of all families receiving assistance would be required to participate in "'work activities" The number would increase incrementally to 50 percent in 2002 and beyond. The legislation includes a requirement that recipients who receive benefits for two years would be required to participate in "work activities." The bill defines six categories of "work" that would count toward a state's participation requirements: 1) unsubsidized employment; 2) subsidized employment (private or public sector); 3) on-the-job-training; 4) community service; 5) job search (to be counted only for the first four weeks of receiving benefits); and 6) vocational education (for 12 months). The proportion of persons counted as engaged in work through participation in vocational education could not exceed 20 percent. After receiving benefits for five years, recipients would no longer receive cash benefits. States would have the option to deny cash benefits to unwed mothers under age 18.

Under the congressionally approved bill, the Family Assistance block grant provisions would take effect October 1, 1995 and expire on September 30, 2000. A state

could continue to operate its AFDC programs until June 30, 1996. If it chooses to do so, the state's fiscal year 1996 cash block grant under the new program would be reduced by the amount of federal matching funds received for that year for AFDC expenditures.

The conference agreement also establishes a single Child Care and Development Block Grant, which would include one discretionary and two entitlement streams of funding. The funds made available in the block grant would total $17 billion over 7 years; $10 billion in mandatory funds combined with $1 billion each year (FYs 1996-2002) in discretionary funds.

In a tremendous victory for community colleges, the conference agreement on H.R. 4 included an exemption for federal student financial assistance programs from the "deeming" requirements in the bill. Under deeming, the income and resources of a legal immigrant's sponsor would be attributed to the immigrant in determining eligibility for federal means-tested benefit programs. In most cases, the requirement would make these individuals appear to be "wealthier" than they are in fact; in the case of student aid, the overwhelming majority would be disqualified from any form of aid. According to the Department of Education, more than 150,000 legal immigrants enrolled in community colleges received Pell Grants in 1993-94. Rep. E. Clay Shaw (R-FL) was the congressional champion on exempting student aid from deeming in the welfare conference.

One unfortunate outcome of the conference negotiations was the addition of a requirement that legal immigrants must get a cosigner for any federal loans borrowed under Title IV of the Higher Education Act. The cosigner must either be the immigrant's sponsor or a U.S. citizen. Besides being a problematic policy, an easy way to implement this requirement is unclear.

Of deep concern to community colleges are two bills being considered by the Senate and House Judiciary Committees: The Immigrant Control and Financial Responsibility Act (S. 269), and the Immigration Reform Act (S. 1394) -- which have been combined into one bill, not yet renumbered -- and the Immigration in the National Interest Act (H.R. 2202). Like the welfare bill, The Senate immigration bill would place severe restrictions on legal immigrants' access to federal means-tested programs, most importantly, student financial assistance. If the Senate immigration bill is adopted, immigrants would be subject to deeming until they had worked 40 qualifying quarters, or a minimum of 10 years. The legislation would make sponsored legal immigrants who become citizens during the deeming period subject to deeming notwithstanding their new status as U.S. citizens. The bill also contains a provision that would allow legal immigrants to be deported if, within five years of entry, they receive benefits from a federal or state means-tested program for more than twelve months.

The Senate immigration bill would also make significant reductions in the overall number of legal immigrants allowed entry into the United States; employment based immigration levels would be reduced from the current level of 140,000 individuals per year to 90,000. In addition, the bill would impose restrictions on the ability of institutions to recruit talented foreign faculty and students. The bill would require employers to pay 105 percent of the prevailing wage to permanent and temporary immigrants, thus forcing colleges to pay foreign faculty salaries that substantially exceed those paid to comparably employed U.S. faculty. The bill also includes a requirement that foreign students must make "normal progress" toward obtaining their degrees and they must be admitted only for the duration of their program of study. Students also would be charged a $100 processing fee.

H.R. 2202 sets limits on the annual number of legal immigrants allowed into the U.S. Only three categories of family-based immigration are permitted entry: spouses, parents, and minor children. Deeming applies to all three categories: spouses are deemed for seven years or until citizenship, whichever is first; parents and minor-aged children are deemed until citizenship. H.R. 2202 also contains a provision that makes immigrants deportable if, within seven years of entry, they receive SSI, AFDC, Medicaid, Food Stamps, Housing Assistance, Title XX social services, or state general cash assistance for more than twelve months. During the Judiciary Committee consideration of H.R. 2202, an amendment by Representative Elton Gallegly (R-CA) was approved that would restrict postsecondary student financial assistance to citizens, nationals, or legal immigrants. His amendment would also require institutions to set up a verification system to screen applicants, which could be administratively burdensome.

S. 269/S. 1394 is awaiting consideration by the Judiciary Committee, where a tentative markup is scheduled for the week of January 29. H.R. 2202 was reported by the House Judiciary Committee on October 24. The committee report for H.R. 2202 has not been filed and no schedule has been set for floor consideration.

AACC Position: The AACC Board of Directors has approved a resolution on welfare reform supporting policies that allow welfare recipients sufficient time to complete their education and training programs, as long as they meet appropriate standards of academic progress. AACC also opposes any efforts to restrict student aid eligibility for legal immigrants and will fight such provisions in welfare and immigration reform as the two debates move forward.

AACC Contact: Ashley Giglio, Legislative Associate, extension 220.

National Science Foundation Authorization/Appropriation Issues

The National Science Foundation (NSF) has substantially bolstered its support for community colleges through the establishment of the Advanced Technological Education (ATE) Program. Designed exclusively for associate degree-granting institutions, the ATE program promotes improvement in advanced technological education through the support of curriculum development and program improvement, and by targeting technicians being educated for employment that requires the use of advanced technologies. Such technicians typically earn an associate degree in engineering or science technology that qualifies them for immediate employment or for transfer to a four-year institution.

The ATE Program is designed to support a wide variety of projects, including National/Regional Centers of Excellence in Advanced Technological Education; projects for the development of instructional materials and curriculum, instrumentation and laboratory improvement, and faculty development; and a few special projects such as conferences and studies to foster a better understanding of issues in advanced technological education.

In FY 1995, the ATE Program was funded at $23.35 million in the Veterans' Affairs, Housing and Urban Development and Independent Agencies appropriations bill. The program was authorized under the Scientific and Advanced-Technology Act (P.L. 102-476), a longtime community college priority. All of the programs at NSF, including the ATE Program, were slated for reauthorization by Congress in 1994, but action on the bill was not completed before Congress adjourned. However, this does not affect Congress' ability to fund ATE.

The Administration's FY 1996 budget for the National Science Foundation included level funding of $23.35 million for the ATE program. Bruce Leslie, President, Onondaga Community College (NY), presented testimony on behalf of AACC on FY 1996 appropriations for the ATE program before the House Veterans' Affairs, Housing and Urban Development and Independent Agencies Appropriations Subcommittee on April 5. His testimony highlighted AACC's strong support for future funding for the program. He cited examples of technician training programs around the country that support advanced technological education.

The House Veterans' Affairs, Housing and Urban Development and Independent Agencies Appropriations Subcommittee included level funding of $23.35 million in its FY 1996 appropriations bill (H.R. 2099). The bill was approved by the House July 31. The Senate subcommittee included level funding in its bill as well. The Senate version of H.R. 2099 was approved by the Senate September 27. H.R. 2099 was vetoed by the President December 18. It is likely that a "continuing resolution" will fund NSF programs like ATE, but at what level remains unclear.

Congress also began working on legislation to reauthorize NSF programs during the first session of the 104th Congress. The House Science Committee approved its reauthorization bill (H.R. 1852) on June 28. Although the bill does not include specific program authorizations, language endorsing the ATE program was included in the Science Committee report to accompany the bill. The Senate Commerce, Science and Transportation Committee has held one hearing on the NSF reauthorization. Congressional consideration of the reauthorization legislation will continue in 1996.

AACC Position: Community colleges appreciate NSF's continuing efforts to strengthen support for their programs within the Foundation. AACC has supported an appropriation of $35 million in FY 1996 for the ATE Program. In addition, the ATE program should be extended in its current form in the reauthorization of NSF programs during the 104th Congress.

AACC Contact: Ashley Giglio, Legislative Associate, extension 220.

International Education

Funding for international education programs of interest to community colleges spans several different federal agencies including the Department of Education, the Agency for International Development, and the United States Information Agency. While none of these agencies have received FY 1996 funding, the programs are likely to be continued on a short-term basis through either a series of "continuing resolutions" or a year-long resolution. The outcome for particular programs is uncertain, but could be sharply reduced from current levels.

The international education programs authorized under Title VI of the Higher Education Act (HEA) and the Fulbright-Hays 102(b)(6) programs are a primary mechanism by which the federal government supports the development of the nation's international expertise. The federal investment in these programs is based on U.S. national security interests.

In FY 1995, funding for Title VI and Fulbright-Hays combined represented only one-fifth of one percent of the total funds available at the Department of Education. For FY 1996, the Administration proposed level funding of $59 million for Title VI and Fulbright-Hays. The House Appropriations Subcommittee on Labor, Health and Human Services, and Education included level funding of $52.28 million for the domestic programs in Title VI and $4 million for the Fulbright-Hays programs, a decrease of $1.79 million from FY 1995. The Institute for International Public Policy was eliminated. In total, $56.28 million was included for the Title VI and Fulbright-Hays programs in the FY 1996 bill (H.R. 2127), a decrease of almost $3 million from FY 1995.

The bill was approved by the House August 4. The Senate version of H.R. 2127 included $48.7 million for the domestic programs in Title VI and $5.5 million for the Fulbright-Hays programs in the FY 1996 bill. The Senate bill was reported by the full committee September 18. The bill has yet to be considered on the Senate floor and its fate is uncertain.

Community college participation in Title VI is focused largely on two programs: the Business and International Education (BIE) program and the Undergraduate International Studies and Foreign Language (UISFL) program. Under the BIE program, grants are awarded to higher education institutions to enhance international business education and promote linkages with the business community. Community colleges were awarded four of 22 new awards in this program in FY 1994. The UISFL program assists postsecondary institutions in planning, developing and implementing activities to strengthen and improve undergraduate instruction in international studies and foreign languages. Community colleges were awarded three of 27 new awards in this area during the same period. Seven grants were awarded in FY 1994 under the Fulbright-Hays Seminars Abroad program. Funds in the Fulbright program are awarded to support research and training efforts abroad focusing on non-western foreign languages and world area studies.

The Administration's FY 1996 budget did not include new funding for the University Development Linkages (UDL) program at the Agency for International Development. However, approximately $3.8 million was requested for continuation of grants made in previous years. The Linkages program was designed to assist developing countries address community needs through partnerships with colleges and universities in the U.S. FY 1996 funding for new linkages could become available if individual missions are interested in funding a linkage. Several missions have expressed a preliminary interest in funding linkages, including South Africa, Jamaica, Honduras and Tanzania.

In addition, the FY 1996 budget for the United States Information Agency (USIA) included a request of $126 million in funding for the Fulbright Academic programs, up from $118 million in FY 1995. Level funding of $2.1 million was requested for the College and University Affiliations program, which supports partnerships between U.S. and foreign colleges and universities through exchanges of faculty and staff. The House Commerce Appropriations Subcommittee bill (H.R. 2076) included $192 million in funding for USIA educational/cultural exchanges in FY 1996, a decrease of approximately $88 million from what was appropriated for these programs in FY 1995. The College and University Affiliations program is funded under this category, though no specific line of funding was included in the bill. H.R. 2076 passed the House July 26. In FY 1994, 21 grants of up to $120,000 -- to be spent over a three-year period -- were awarded to U.S. colleges and universities, none of which were awarded to community colleges. The Senate version of H.R. 2076 included $210 million for USIA

educational/cultural exchanges in FY 1996 and of this amount $100 million was allocated to the Fulbright Academic programs. The Senate bill was approved September 29. H.R. 2076 was vetoed by President Clinton December 19. The House attempted to override the veto January 3, but failed.

Committees in both the House and Senate have also approved legislation that would order a substantial restructuring of the nation's foreign policy bureaucracy. The House bill (H.R. 1561) would abolish three agencies -- Agency for International Development (AID), United States Information Agency (USIA), and the Arms Control and Disarmament Agency (ACDA) -- and consolidate their functions within the State Department. H.R. 1561 would also cut foreign aid to $16.4 billion in FY 1996, a $1 billion reduction from FY 1995. The two-year bill would cut spending for foreign assistance to $15.8 billion in FY 1997. The House passed H.R. 1561 June 8. The Senate Foreign Relations Committee has approved its bill to merge AID, USIA and ACDA into the State Department (S. 908). The foreign aid authorization bill was approved by the Committee May 17 and was briefly debated on the Senate floor in late September. S. 908 was included in H.R. 1561 and returned to the Senate calendar December 14.

Funding for the National Security Education Program (NSEP) was reduced by half in a FY 1995 rescissions bill signed by the President April 10 (P.L. 104-6). The National Security Education Program awards undergraduate scholarships, graduate fellowships, and institutional grants for language training and study in areas of the world less commonly visited by American students. Funding for the program is made from the interest on a $150 million trust fund at the Department of Defense, but Congress must authorize each year's spending. As a result of the rescissions bill, the trust fund was reduced to about $75 million, but no cuts were made in the $14.5 million that the program already had been authorized to use. Since the program began operation two years ago, approximately $7.5 million has been spent. The House National Security Appropriations Subcommittee did not request any funding for NSEP in its FY 1996 funding bill (H.R. 2126), which was approved by the full committee July 15. The House approved H.R. 2126 on September 7. The Senate Defense Appropriations Subcommittee included $7.5 million in funding for NSEP in its FY 1996 funding bill, which was approved by the Senate September 8. Language was added to the conference report during the House-Senate conference negotiations requiring all individuals who receive funding from the program to agree to work for either the Department of Defense or the intelligence community for at least two years. The conference report was rejected by the House September 29. The report was revised and approved by the House and Senate. The measure was presented to the President November 18 and became law on December 1 without his signature.

AACC Position: AACC supports a federal role in international education, particularly continued funding of the Title VI and Fulbright-Hays 102(b)(6) programs. Community colleges also support continued funding of the College and University Affiliations

program at USIA and the National Security Education Program Trust Fund.

AACC Contact: Ashley Giglio, Legislative Associate, extension 220.

Telecommunications Reform

Telecommunications legislation introduced during the 104th Congress would regulate and promote competition in the telephone and cable industries. The Telecommunications and Competition and Deregulation Act of 1995 (S. 652) and the Communications Act of 1995 (H.R. 1555) would allow the regional Bell telephone companies to offer long-distance service and manufacture equipment after they faced competition in their local markets. Both bills also would allow the Bells and other local phone companies to compete with local cable companies and offer video services.

Of interest to community colleges is the provision for universal service within the bills. S. 652 would require the Federal Communications Commission to set up a new subsidy system for phone services within one year. S. 652 also includes a provision that would require telephone companies to offer elementary schools, secondary schools, libraries, and rural health care providers service at lower rates than businesses and consumers. Community colleges would be able to access the lower rates through partnerships with elementary and secondary schools and under the definition of libraries.

Traditionally, these entities have paid commercial rates for telecommunications services. Rural schools and libraries are often located in isolated regions that are not in local calling regions and each telephone call to an information provider can be a long distance call. Consequently, such schools and libraries often pay more for access to information services than others. In addition, a recent survey by the National Center for Education Statistics shows that only three percent of America's classrooms have access to the Internet or information services for instructional purposes. The main barrier to such connections is a lack of funding.

The provision for "affordable access" to schools and libraries was added to S. 652 as an amendment offered by Senators Snowe (R-ME), Rockefeller (D-WV), Kerrey (D-NE), and Exon (D-NE). The House bill does not contain the affordable access provision, but would create a board of federal and state officials to advise the Federal Communications Commission on telecommunications access for elementary and secondary schools. During the House floor debate on H.R. 1555, Rep. Thomas Bliley, Jr. (R-VA), who chairs the House Commerce Committee, said that he would work to include the affordable access language in the House-Senate conference on the telecommunications bills.

The conference to reconcile the differences in the telecommunications bills began in November. Discussions have been very contentious on a wide range of issues, but sponsors hope to have a bill to send to President Clinton within the next several weeks. However, it is possible that the President will veto the bill.

AACC Position: Support the Senate position to ensure "affordable access" to telecommunications services for community colleges.

AACC Contact: Dave Buonora, Legislative Associate, ext. 249.

Tax Issues:
Section 127 and Student Loan Interest Deduction

The sweeping budget reconciliation legislation passed by Congress that balances the budget in seven years also includes changes to Section 127 of the Internal Revenue Code. Section 127 allows employees to receive up to $5,250 per year in tax-free educational assistance from their employers to take undergraduate and graduate level college courses. This provision has always been a temporary measure requiring a periodic extension. Unfortunately, the authority for Section 127 benefits expired on December 31, 1994 and has yet to be extended. H.R. 2491, the Budget Reconciliation Act of 1995, provides a one year retroactive extension for both graduate and undergraduate level courses until January 1, 1996 and a one year extension of undergraduate level courses until January 1, 1997. Graduate level courses would not be excludable from income as of January 1, 1996.

Also included in H.R. 2491 is a measure to allow individuals to deduct up to $2,500 in student loan interest from their incomes. Senator Charles Grassley (R-IA) was instrumental in getting this provision included in the bill.

President Clinton's veto of the Budget Reconciliation Act makes the future of these tax code changes unclear.

AACC Position: Continue to work with education and business groups to preserve Section 127 and work to ensure that its provisions are as strong as possible. Support efforts to allow for the deductibility of student loan interest payments.

AACC Contact: Dave Buonora, Legislative Associate extension 249

Revisions to Part H of the Higher Education Act/Deregulatory Initiatives

The "Program Integrity Triad" student aid gatekeeping mechanism contained in Part H of Title IV of the Higher Education Act continues to undergo intense scrutiny. The triad consists of: accreditation; state licensure; and certification by ED of an institution's administrative and financial capability.

The Administration started the latest phase of this debate in December, 1994, by including in what became the "GI Bill for America's Workers" a proposal to limit review by State Postsecondary Review Entities (SPREs) to those institutions that award less than a bachelors degree and offer certificate programs. This approach liberated four-year colleges from SPREs but continued to subject community colleges and proprietary schools to their oversight. AACC vigorously objected to the Administration's proposal, which was especially objectionable since its primary justification was that the regional accreditation process is undergoing substantial change, conveniently ignoring the fact that these same agencies accredit community colleges. The proposal was subsequently abandoned by the Administration. Also in 1995, funding support on Capitol Hill for the SPREs dried up. The $16.3 billion FY 1995 rescissions bill deleted all $20 million of FY 1995 SPRE funding. House and Senate FY 1996 Labor-HHS-Education appropriations legislation does not provide any SPRE funding. The program is dead.

AACC supported the elimination of SPREs. The Association thought that SPREs had little positive to offer community colleges. It was difficult to see where SPREs would have provided useful program guidance, much less funds, to improve institutional quality; and it seemed unrealistic to think that many, if any, SPREs would have terminated an institution's access to Title IV funds. Community colleges are already subject to a variety of public and private accountability processes. In addition, AACC is working on a voluntary reporting and assessment effort known as the Joint Commission on Accountability Reporting (JCAR), which is sponsored by AACC, the National Association of State Universities and Land Grant Colleges (NASULGC), and the American Association of State Colleges and Universities (AASCU).

However, AACC and all higher education retain a great interest in ensuring that tight gatekeeping processes remain in place so that limited student aid funds are used wisely and that the student aid programs stay free of scandal, as much as possible.

In November of 1995, the Administration circulated a draft proposal for a new approach to gatekeeping. A major feature is to eliminate specific regulatory requirements at colleges that have demonstrated a strong capacity for administering aid programs. Some, but by no means all, community colleges would qualify for this

regulatory relief. At the same time, ED would focus greater regulatory efforts on institutions that are identified as having weaknesses in their delivery of student aid. It appears that many community colleges will be subject to this additional scrutiny.

The Department is also tentatively proposing to require that all non-degree vocational programs have both a 70 percent completion and placement rate in order to be eligible for student aid funds. This policy would require a legislative change and obviously would negatively impact AACC institutions. AACC will strongly oppose this proposal if it moves forward; AACC President Pierce has already written to Secretary of Education Richard Riley about the issue.

Finally, the Department is proposing that institutions provide greater consumer information to prospective students; some of this information may be required under the workforce consolidation legislation now awaiting conference action. AACC will not oppose this reporting unless its compliance burdens are excessive.

AACC Position: Ensure that the SPRE program is not revived in such a way as to create unnecessary, unproductive regulation of institutions of higher education. Support further regulatory initiatives that will reduce the burden of federal regulations on community colleges, while maintaining program integrity in the Title IV student aid programs. Examine ways to regulate proprietary schools differently from non-profit institutions of higher education. Oppose any effort to add additional standards to program eligibility for federal student aid funds, and especially oppose those that would affect community colleges but not other sectors of higher education.

AACC Contact: David Baime, Director of Government Relations, extension 224.